



## **ERDENE RESOURCE DEVELOPMENT CORP.**

### **Erdene Intersects Multiple Wide, High-Grade Gold Intervals at Bayan Khundii, Including 143 Metres of 2.6 g/t Gold with 4 metres of 57 g/t Gold**

**Halifax, Nova Scotia – June 14, 2018 - Erdene Resource Development Corp. (TSX:ERD)** ("**Erdene**" or "**Company**"), is pleased to report results for the second series of drill holes from its Q2-2018 drill program at its 100%-owned Bayan Khundii Gold Project ("Bayan Khundii") in southwest Mongolia.

"Today's results from the Midfield Zone further confirm the strong continuity of high-grade gold enveloped in broad intervals of lower grade material," said Peter Akerley, Erdene's President and CEO. "The consistency of the high-grade zones, their proximity to surface and good metallurgical characteristics will all contribute positively to the maiden resource estimate and Preliminary Economic Assessment expected later this year. Drilling also commenced today on a 2,500 metre program testing multiple reconnaissance targets within the Bayan Khundii and adjacent Ulaan licenses."

#### **Highlights**

(see attached plan maps and cross-section for reference)

- Testing of the feeder zone concept at the intersection of a deep-seated northwest-trending fault and the interpreted relay ramp structure in the Midfield Zone, returned an average of 34.4 g/t gold over 7 metres from the widest zone of gold-bearing quartz-adularia veins intersected to date
- Strong continuity established within the Midfield high-grade zone with all four holes (BKD-242 to BKD-245) returning wide intervals of between 67 and 143 metres of greater than 2.2 g/t gold
- Multiple intersections containing very high gold grades were intersected in the Midfield Zone, all at less than 100 metres from surface, in each of the four holes drilled, including:
  - 2 metres of 56.8 g/t gold (BKD-242),
  - 1.3 metres of 90.5 g/t gold (BKD-243),
  - 4 metres of 57.1 g/t gold (BKD-244), and
  - 3 metres of 35.6 g/t gold (BKD-245)
- A single hole testing an extension to the northeast of the North Midfield Zone displayed the highest grade result in this area to date, with:
  - 37 metres of 4.4 g/t gold, including 2 metres of 50.5 g/t gold (BKD-241)
- Nine holes remain pending from the Bayan Khundii drill program, anticipated to be released within two to three weeks.
- A 2,500 metre drill program commenced today on multiple reconnaissance drill targets within the Bayan Khundii and Ulaan licence areas.

## Summary of Bayan Khundii Drill Program

The Company's Q2-2018 Bayan Khundii drill program, which commenced on April 11, 2018, is designed to:

- test high priority structural targets, principally within the North Midfield and Midfield zones;
- complete closer-spaced drilling within the Striker, West Striker, Midfield, and North Midfield zones; and,
- test select areas within the larger 1.4 kilometre trend that demonstrate good potential for establishing additional extensions to gold mineralized zones.

Today's results are for the second batch of seven holes (BKD-241 to BKD-247), totaling 1,322 metres, which were completed in the Midfield Zone (4 holes), North Midfield Zone (1), North Midfield Extension (1) and one hole west of the Midfield Zone, testing the western boundary. All holes were drilled at a 45 to 65 degree angle to intersect the interpreted dip of the high-grade quartz veins and mineralized breccia.

Table 1 below includes drill result summaries of these seven holes, followed by a description of results. For reference see the attached plan maps and cross-section.

Table 1. Bayan Khundii drill highlights

Drill Hole	From (m)	To (m)	Interval (m) <sup>(1)</sup>	Gold (g/t)
BKD-241	65	194	129	1.48
incl	68	105	37	4.35
incl	75	77	2	50.5
BKD-242	41	122	81	2.74
incl	60	61	1	15.4
incl	112	122	10	16.9
incl	113	115	2	17.5
incl	120	122	2	56.8
BKD-243	66	87	21	2.39
incl	81	83	2	18.0
and	110.7	178.1	67.4	2.83
incl	118	119.3	1.3	90.5
incl	132	133	1	25.9
BKD-244	27	169.8	142.8	2.64
incl	79	91	12	3.20
incl	81	82	1	10.9
incl	109	116	7	34.4
incl	112	116	4	57.1
BKD-245	63	150	87	2.23
incl	80	92	12	11.0

Drill Hole	From (m)	To (m)	Interval (m) <sup>(1)</sup>	Gold (g/t)
incl	81	84	3	35.6
BKD-246	156	212	56	0.25
BKD-247	No significant mineralization			

(1) Reported intervals are not true width. At this time, there is insufficient data with respect to the shape of the mineralized system to calculate true orientations in space. They represent drill intersection widths from holes drilled at a dip of -45 to -65 degrees and oriented to the north-northeast. The Bayan Khundii mineralization is interpreted to be moderately dipping (approximately 40 to 50 degrees to the southwest).

## Discussion of Drill Results

The seven drill holes discussed herein were designed as follow-up drilling to establish continuity and potential extensions of the high-grade mineralization, along with the testing of additional structural targets within the Midfield and North Midfield areas. The named zones within the Bayan Khundii prospect are relatively distinct gold mineralized zones that potentially developed around individual feeder structures, which have resulted in very high-grade veins and breccia zones in multiple locations, the most prominent being the Striker, Midfield and North Midfield zones.

### Midfield Zone

The Midfield Zone located between Striker and North Midfield is considered the most consistently gold mineralized zone within the main zones of Bayan Khundii, which is further confirmed through today's results. All four holes testing this zone (BKD-242 to BKD-245) returned intervals of between 67 and 143 metres of greater than 2.2 g/t gold, up to 143 metres of 2.6 g/t gold. Within these broader mineralized envelopes were multiple intersections containing very high gold grades (see Table 1 above).

These four holes tested the potential feeder zones, testing approximately 200 metres along the interpreted controlling structure over a 25 metre width and drilled perpendicular to the orientation of the mineralized veins and breccias at 10 to 15 metre spacing from adjacent holes. The gold mineralized zone comes within 20 metres of surface at the southern end of Midfield and deepens to approximately 60 metres below surface moving to the north under post-mineral Cretaceous cover. Hole BKD-245 was successful in demonstrating that the higher grade component of Midfield extends further to the north with 87 metres of 2.2 g/t gold including 3 metres of 35.6 g/t gold.

A single hole (BKD-247) targeted a potential western extension of the interpreted controlling structure at Midfield and returned no significant results. It is proposed that the structure, along which the gold-bearing fluids migrated, allowed fluids to migrate north, south and eastward with little penetration into the western volcanic host.

### North Midfield Zone and North Midfield Extension

Drill hole BKD-241 was completed in the northeast portion of the North Midfield zone, 80 metres northeast of the last hole reported on May 8, 2018 ([link](#)) and returned 37 metres of 4.35 g/t gold, including 2 metres of 50.5 g/t gold. This result is a significant increase over earlier holes in the area,

including BKD-240 which returned 34 metres of 1.9 g/t gold in the initial Q2 drilling phase and BKD-182 to the northeast with 39 metres of 2.12 g/t gold and a high of 65 g/t gold over 1 metre. This is a demonstration of where the closer-spaced drilling targeting potential feeder structures has proven beneficial in identifying high-grade mineralization. A single hole (BKD-246) located approximately 100 metres further northeast returned anomalous results with 56 metres of 0.25 g/t gold.

### Controlling Structure Interpretation

The results from a Q4-2017 independent structural analysis of the Bayan Khundii project were considered in the planning of the current drill program. That study suggested gold mineralization is related to an extensional relay ramp structure, where a series of stacked, southwest-dipping structures were developed between two northeast-trending bounding extensional faults, with maximum dilation developed where the ramp intersected a major northwest-trending deep-seated fault which is interpreted as a feeder zone. This Q2 drill program was designed to test these structural targets and to extend and develop continuity within these high-grade zones where previous drilling returned values up to 2,200 g/t gold over 1 metre within 14 metres of 158 g/t gold in previously-reported hole BKD-231.

Prior to the current drill program the widest gold-bearing, quartz-adularia veins encountered in the first 240 drillholes (BKD-01 to BKD-240) were intersected in holes BKD-98 and BKD-99 (2.0 and 1.7 metres wide respectively), located within the Midfield Zone. Both of these holes were drilled at the intersection of a deep-seated northwest-trending fault and the interpreted relay ramp structure. Drillhole BKD-244, drilled approximately 10 metres east of BKD-98, intersected a 7.13 metre interval, commencing at 108.3 metre depth, which contained five wide quartz veins and quartz-adularia veins ranging from 0.40 to 1.6 metres wide. A seven metre wide interval from 109 to 116 metres depth, which contained these veins, returned an average of 34.4 g/t gold. This concentration of quartz veins supports the structural interpretation where maximum dilation occurred at the intersection of the relay ramp and major northwest structure. The results of this program will both expand and provide higher confidence in the Midfield Zone in regards to the mineral resource reporting that is scheduled for Q3-2018, as well as provide guidance for future targeting within and distal to the Bayan Khundii gold system.

### **Bayan Khundii Q2-2018 Drill Program**

The Bayan Khundii Q2-2018 drill program, totaling 4,545 metres in 22 holes (21 new and one hole extension), is now complete. Final results are expected within three weeks for the remaining nine holes (eight new, one extension) following which the data will be provided to an independent resource engineering firm to complete the maiden resource estimate for Bayan Khundii, anticipated in Q3-2018.

### **Regional District Deposits and Exploration**

Over the past several years Erdene has discovered a new gold district (“The Khundii Gold District”) in southwest Mongolia that includes seven targets, two of which are considered significant prospects for development, and which are being advanced toward a global mineral resource estimate in 2018; Bayan Khundii and Altan Nar.

Altan Nar, located 16 kilometres north of Bayan Khundii is an intermediate sulfidation gold-polymetallic deposit which in a ([May 10, 2018 release](#)) was reported to contain an indicated gold equivalent (“AuEq”) resource of 452,900 ounces (“oz”) AuEq averaging 2.8 g/t AuEq and an Inferred AuEq Resource of 277,100 oz averaging 2.5 g/t AuEq, within a total resource of 5.0 million tonnes (“Mt”) Indicated and 3.4 Mt Inferred. The indicated Resource includes 317,700 oz gold (at 2.0 g/t gold), 31,600 tonnes (“t”) zinc, 29,000 t lead, and 2.35 million oz silver, while the Inferred Resource contains 185,700 oz gold (at 1.7 g/t gold), 23,700 t zinc, 22,300 t lead, and 865,900 oz silver.

A regionally focused drilling program commenced today with plans for additional drilling at the Company’s early-stage Altan Arrow gold-silver project, 3.5 kilometres north of Bayan Khundii, to follow-up on high-grade results intersected from reconnaissance drilling in Q4-2017. That drilling included hole AAD-12 which intersected 70 g/t gold over 2 metres, and drilling of a new target area 300 metres west which returned 39 g/t gold over 1 metre, near-surface (hole AAD-11).

The Company will also carry out scout drilling at its Khundii North gold prospect, 2.5 kilometres east of Altan Arrow, where gold-in-soil anomalism has now been traced over 1 kilometre, containing areas of quartz stockwork and chalcedonic quartz with hematite breccia clasts that returned up to 22 g/t gold from initial rock chip sampling. Several areas of strong illite alteration, associated with a magnetic low and resembling the alteration at the Bayan Khundii project, located 3.5 kilometres to the southwest, were noted along a major northeast-trending structure to the northwest of the main quartz breccia zone and will be drill tested.

In addition to the Company’s 100%-owned gold projects, it has recently acquired a 51% interest, with the option to acquire up to 100%, in the Ulaan license, a 1,780 hectare exploration property, located immediately west of its Bayan Khundii license. The license has no history of trenching or drilling, and is host to a very large, 3-kilometre diameter, intense alteration zone with characteristics thought to be related to a porphyry complex at depth. The Company intends to initiate a maiden drill program at Ulaan as part of the 2,500 metres of exploration drilling announced today.

Through its alliance with Teck Resources Limited (“Alliance”), Erdene also intends to continue to assess regional opportunities for porphyry and porphyry-related mineralization within the larger Edren Terrane and intends to pursue acquisitions as opportunities arise in the Alliance’s area of interest in southwest Mongolia. Erdene’s Bayan Khundii, Altan Nar, Altan Arrow, Ulaan, Khuvyn Khar and Zuun Mod properties are excluded from the Teck Alliance areas of interest.

### **Qualified Person and Sample Protocol**

Michael MacDonald, P.Geol. (Nova Scotia), Vice President Exploration for Erdene, is the Qualified Person as that term is defined in National Instrument 43-101 and has reviewed and approved the technical information contained in this news release. All samples have been assayed at SGS Laboratory in Ulaanbaatar, Mongolia. In addition to internal checks by SGS Laboratory, the Company incorporates a QA/QC sample protocol utilizing prepared standards and blanks. All samples undergo standard fire

assay analysis for gold and ICP-OES (Inductively Coupled Plasma Optical Emission Spectroscopy) analysis for 33 additional elements. For samples that initially return a grade greater than 5 g/t gold, additional screen-metallic gold analysis is carried out which provides a weighted average gold grade from fire assay analysis of the entire +75 micron fraction and three 30-gram samples of the -75 micron fraction for a 500 gram sample.

Erdene's drill core sampling protocol consisted of collection of samples over 1 or 2 m intervals (depending on the lithology and style of mineralization) over the entire length of the drill hole, excluding minor post-mineral lithologies and un-mineralized granitoids. Sample intervals were based on meterage, not geological controls or mineralization. All drill core was cut in half with a diamond saw, with half of the core placed in sample bags and the remaining half securely retained in core boxes at Erdene's Bayan Khundii exploration camp. All samples were organized into batches of 30 including a commercially prepared standard, blank and either a field duplicate, consisting of two quarter-core intervals, or a laboratory duplicate. Sample batches were periodically shipped directly to SGS in Ulaanbaatar via Erdene's logistical contractor, Monrud Co. Ltd.

### **About Erdene**

Erdene Resource Development Corp. is a Canada-based resource company focused on the acquisition, exploration, and development of base and precious metals in underexplored and highly prospective Mongolia. The Company has interests in four exploration licenses and a mining license in southwest Mongolia, where exploration success has led to the discovery and definition of several prospects and deposits including: Bayan Khundii – the Company's flagship and newly discovered, high-grade, near-surface gold project; Altan Nar – an extensive, high-grade, near-surface, gold-polymetallic project located 16 kilometres northwest of Bayan Khundii; Altan Arrow – an early-stage, high-grade gold-silver project 3.5 kilometres north of Bayan Khundii; Ulaan – a recently acquired copper-gold porphyry prospect adjacent to Bayan Khundii; Khuvyn Khar – an early-stage, copper-silver porphyry project; Nomin Tal – a narrow, high-grade copper-gold discovery; and Zuun Mod – a large molybdenum-copper porphyry deposit. In addition to the above projects, Erdene has an Alliance with Teck Resources Limited on regional copper-gold exploration in the prospective Trans Altai region of southwest Mongolia. The Bayan Khundii and Altan Nar licenses have a 2% net smelter returns royalty ("NSR Royalty") in favour of Sandstorm Gold Ltd. with a buy-back option to reduce the NSR Royalty to 1%. For further information on the Company, please visit [www.erdene.com](http://www.erdene.com). Erdene has 157,682,041 issued and outstanding common shares and a fully diluted position of 179,141,320 common shares.

### **Forward-Looking Statements**

Certain information regarding Erdene contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Erdene believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Erdene cautions that actual performance will be affected by a number of factors, most of which are beyond its control, and that future events and results may vary substantially from what Erdene currently foresees.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and is subject to change after that date. The Company does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

**NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENTS OF THIS RELEASE**

**Erdene Contact Information**

Peter C. Akerley, President and CEO

or

Ken W. MacDonald, Vice President and CFO

Phone: (902) 423-6419

E-mail: [info@erdene.com](mailto:info@erdene.com)

Website: [www.erdene.com](http://www.erdene.com)

Twitter: <https://twitter.com/ErdeneRes>

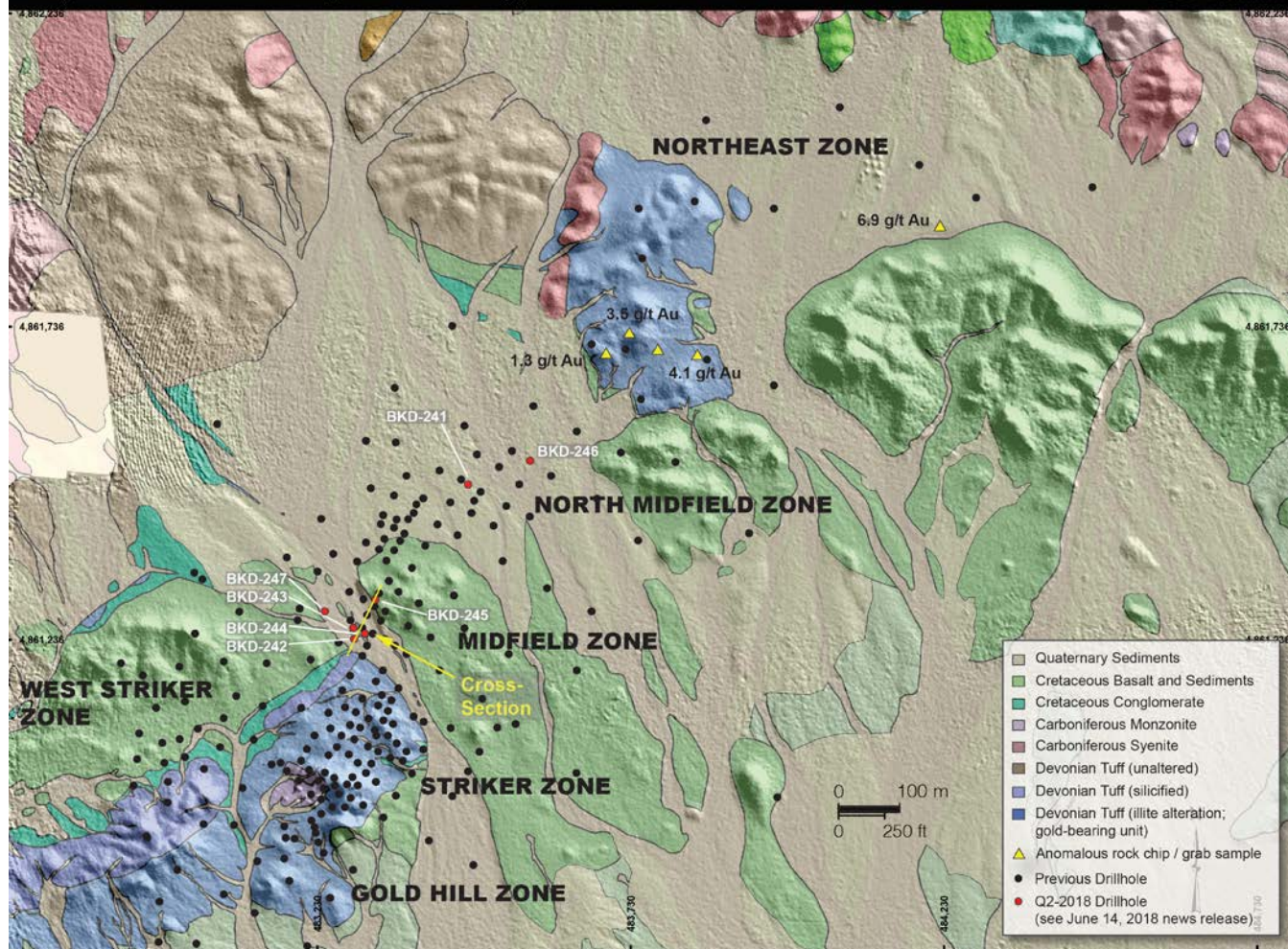
**Erdene's Khundii Gold District; Multiple Near-Surface Discoveries in Under-Explored Area**



**Proximal to China Rail and Highway in an Area of Increasing Mining Activity and Regional Infrastructure Buildup**







# Bayan Khundii Cross-Section - Looking Northwest Through Midfield Zone

